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8 UNITED STATES DISTRICT COURT
9 DISTRICT OF NEVADA

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11 UNITED STATES OF AMERICA,	}	2:09-CR-078-JCM-(RJJ)
12 Plaintiff,	}	
13 vs.	}	GOVERNMENT'S SUPPLEMENTAL
14 SAMUEL DAVIS, and,	}	NOTICE OF INTENT TO USE
15 SHAWN RICE,	}	EVIDENCE OF OTHER CRIMES,
16 Defendants.	}	WRONGS OR ACTS

17 COMES NOW the United States of America, by and through DANIEL G.
18 BOGDEN, United States Attorney, and J. Gregory Damm, Assistant United States
19 Attorney and hereby gives notice that the government intends to use the following
20 evidence in the trial of this matter.

21 NOTICE

22 Pursuant to Fed.R.Evid. 404(b), the prosecution is providing reasonable notice
23 in advance of trial of the general nature of any such evidence it intends to introduce at
24 trial of other crimes, wrongs or acts allegedly committed by the defendants. Without
25 conceding that the following evidence is governed by Fed.R.Evid. 404(b), and
26 reserving the right to supplement this notice with additional notices, the government
hereby notifies the defendants that it intends to introduce the following evidence:

1 SAMUEL DAVIS conspired with J. and K. S. to hide funds obtained through
2 fraudulent tax returns utilizing a process known as 1099-OID. DAVIS assisted with
3 setting up two nominee Corporations for the Ss. The sole purpose of these
4 Corporations was to conceal ownership of the funds derived from the 1099-OID
5 returns. SAMUEL DAVIS is a national leader and speaker on redemption theory and
6 other sovereign initiatives. He also has ties with other nationally known sovereign
7 national leaders. DAVIS teaches redemption and sovereign principles and how to
8 execute related fraudulent schemes to groups around the country.

9 The S's, filed one Form 1040 and one Form 1040X using the bogus 1099 OID
10 scheme. These false returns produced refunds of approximately \$800,000. Once the
11 Ss received the refund checks, they began to move the funds. E-mail correspondence
12 from DAVIS instructs the Ss on how to hide the money with the use of Corporations
13 and Trusts.

14 As part of setting up the Corporations and Trusts, the Ss transferred
15 approximately \$140,000.00 to DAVIS. Part of this money was fees and part was to
16 invest / conceal. The Ss transferred these funds to DAVIS' bank account at a Nevada
17 Wells Fargo Bank. Currently, the Ss live in Missouri and their returns were prepared
18 in Northern California by another individual.

19 FiberPipe Internet and Network Solutions in Idaho is an internet service provider.
20 FiberPipe maintained an account entitled bldmtn@fiberpipe.net. This account belonged
21 to SAMUEL DAVIS. This account was used by DAVIS to contact the FBI Undercover
22 Agent (UCA) during the money laundering undercover operations in this case. E-mails
23 from bldmtn@fiberpipe.net will be referred to as DAVIS and e-mails from
24 J.S.@yahoo.com will be referred to as J.S.

1 In e-mails dated January 26, 2009, DAVIS sent J.S. a Contract between
2 "CRE8-EFZ, Incorporated, a Wyoming corporation " and a "Corporation to be Named
3 Later". This contract is the same contract DAVIS had the UCA sign before he
4 laundered the funds in this case. DAVIS instructed J.S. to only change the highlighted
5 portions in the contract. On January 26, 2009, J.S. e-mailed DAVIS back, stating he
6 will review the contract and get back to DAVIS shortly. This contract listed that
7 DAVIS' corporation, CRE-EFZ, is providing a line of credit to S's corporation(s). The
8 line of credit is in the amount of \$30,000,000.00. In an e-mail on February 3, 2009,
9 DAVIS wrote that he drafted the contract with the entity Specialty Management. This
10 entity is controlled by DAVIS and was used in the money laundering investigation in
11 this case.

12 On September 19, 2009, the Kansas City Service Center received a Form 1040X
13 for 2006 in the name K.S. This Form 1040X increased taxable income from zero
14 (\$0.00) to \$782,470.00 and tax from \$10.00 to \$253,725.00. It also increased payments
15 from \$4,147.00 to \$776,600.00 and requesting a refund of \$522,875.00. The IRS
16 issued a refund in the amount of \$582,277.24 . J.S. filed his 2007 Form 1040 showing
17 taxable income of \$317,014.00, tax of \$90,206.00 and payments of \$313,932.00. A
18 refund of \$223,726.00 was issued to J.S. Both returns were prepared by Advanced
19 Financial Services, LLC, T.M.M.

20 These two returns were prepared utilizing the process known as "1099 -OID."
21 In the sovereign movement, promoters have been touting this process, stating it has
22 been around since 1933 when the "USA, Inc," i.e., the United States Government
23 declared bankruptcy. The persons in the movement believe that the 1099-OID process
24 is "their remedy for this bankruptcy."

25 The Ss received refunds on there tax returns filed with 1099-OID because of two
26 factors, 1) their returns attached the 1099-OID with a 1040-V (payment voucher), and
2) Advanced Financial Services, LLC transmitted the 1099-OIDs to the IRS (as if they

1 came from a purported Payer). Advanced Financial Services, LLC transmitted the
2 Forms 1099s on a Form 1096, also listing the filer as the company, i.e., Countrywide
3 Home Loans or Nelnet Education Planning & Financing, when in fact, Advanced
4 Financial Services, LLC filed the 1099-OIDs, not the purported Payer/ Filer. When the
5 IRS received the S's returns they matched the information on the returns to the
6 information received from Payers. Since the information matched, the initial
7 verification was complete, the returns were accepted, and refunds were issued. Later
8 the IRS found the mistake and started taking steps to collect the refunds.

9 Upon receiving the refund checks from the fraudulent and bogus tax returns, the
10 Ss begin concealing the funds by layering and performing multiple transfers between
11 several bank accounts they controlled. On January 26, 2009, the IRS sent J. S. a letter
12 of Notice of Tax Due on Federal Tax Return. On May 1, 2009, the IRS filed tax liens
13 against the Ss.

14 DAVIS and the Ss continued hiding or assisting in the concealing the funds,
15 despite the IRS taking steps to collect the money, even after both had knowledge of the
16 IRS's intentions. As stated in e-mails below, the whole purpose of setting up these
17 entities was to conceal ownership of the entities and conceal the locations of the funds.
18 DAVIS was setting up these entities for the Ss to invest the funds from their fraudulent
19 tax refund scheme. DAVIS stated in several e-mails, namely one on January 26, 2009,
20 that "everything is set up as loans with contracts, that way there is no taxes on gains.
21 Funds come in through one loan contract, go out or back to you through another loan
22 contract." In an e-mail on January 25, 2009, DAVIS wrote "Once the funds are in my
23 account, and you have chosen a name for the corps and trusts, then I move the funds to
24 my guy in Washington in that name and the funds come out to that name. I can be
25 involved or you can just do it. I will also assist you should there ever arise a problem
26 from our friends." When DAVIS uses the term "friends" he is referring to the
Government / IRS.

1 On February 5, 2009, J.S. wrote DAVIS an e-mail stating that he received a letter
2 from Ogden. J.S. attached the letter to the email. The letter is a Notice of Tax Due on
3 Federal Tax Return for the period (tax year) 2007 from the IRS Service Center in
4 Ogden, UT. DAVIS and J.S. exchanged emails discussing several ways on how to
5 respond to the Notice letter. This correspondence further delayed the collections of the
6 tax due from the S's fraudulent tax returns. On January 30, 2009, the Ss transferred
7 \$80,000.00 to DAVIS' bank account at Wells Fargo Bank in the name of Boulder
8 Mountain Funding Trust. On January 29, 2009, the Ss transferred \$60,000.00 to
9 DAVIS' bank account at Wells Fargo Bank in the name of Boulder Mountain Funding
10 Trust.

11 Both of these fund transfers came from the refunds from the S's 1099-OID
12 returns. E-mails talk about these funds being used to fund the corporate and trust
13 accounts. In an e-mail on January 26, 2009, DAVIS wrote J.S. stating "everything is
14 set up as loans with contracts, that way there is no taxes on gains. Funds come through
15 one loan contract, go out or back to you through another loan contract." In an e-mail
16 dated February 2, 2009, J.S. asked DAVIS if the "loan contracts" are done. DAVIS
17 responded on the February 3, 2009, and he stated that he is "doing the contracts now
18 as we speak."

19 DAVIS was setting up Corporations and Trusts to conceal and hide the refund
20 amounts. In an e-mail on January 25, 2009, DAVIS wrote that with the process of
21 creating these entities and creating loan documents between them, the government will
22 not even know they exist. "I would do the family limited partnership as the 'side
23 account'. Bring funds in from the corp in the form of a loan. Yes, it is safe and secured
24 with a ucc. In fact, done properly, they do not know it exists as your entity. That is the
25 key."

1 DAVIS charged the Ss a fee for setting up the Corporations and Trust. In an e-
2 mail on January 25, 2009, DAVIS stated "as I told you, the corp will cost 3K, and I will
3 order it as soon as the funds come into my account...also I need you consider a
4 donation to me for doing this." DAVIS also required J.S. to pay for expenses such as
5 Airfare. DAVIS stated that he usually charges 4% of the funds handled, but since he
6 likes the Ss, he will let J.S. decide the amount. On January 27, 2009, J.S. instructed
7 DAVIS to name the Corporations 1) FPS Marketing Inc. and 2) Wyfe Beeters T-Shirts
8 Inc. J.S. also instructed names of the Trusts as 1) FPS Marketing Inc. Three Stooge
9 Trust and 2) Wyfe Beeters T-Shirts Inc. Peace at Home Trust.

10 On February 18, 2009, DAVIS e-mailed J.S. stating that the Corporations have
11 been filed and that he is waiting on the actual documents to open bank accounts. The
12 Office of Secretary of State for Wyoming shows both Corporations as being registered
13 on March 9, 2009. Wyfe Beeters T'Shirts, Inc., was first filed on March 9, 2009. It
14 listed an address as P.O. Box 28434, Las Vegas, NV 89126. FPS Marketing, Inc., was
15 first filed on March 9, 2009. It listed an address of P.O. Box 28434, Las Vegas, NV
16 89126.

17 On January 26, 2009, through e-mail, DAVIS instructed J.S. to move 100K to
18 his account to start setting up the corporations and other entities. On January 29, 2009,
19 the Ss transferred \$60,000.00 to DAVIS' bank account at Wells Fargo Bank in the name
20 of Boulder Mountain Funding Trust. On January 30, 2009, the Ss transferred
21 \$80,000.00 to DAVIS' bank account at Wells Fargo Bank in the name of Boulder
22 Mountain Funding Trust. The Ss opened a bank account in the name of FPSMI (FPS
23 Marketing Inc.) Trust. This account was opened with the signers J. and K. S. A portion
24 of the money derived through the fraudulent tax refunds were funneled into this
25 account. The funds that ended up this account were funneled through at least six other
26 bank accounts before being transferred into the FPSMI Trust account.

1 On November 16, 2009, J.S. bragged at a conference of the Sovereign People's
2 Court in Las Vegas, Nevada, about how he got \$200,000.00 from an IRS refund.
3 DAVIS conspired with the Ss to defraud the Government by concealing funds obtained
4 through a fraudulent refund scheme perpetrated on the IRS. DAVIS facilitated the
5 formation of Corporations thus assisting the Ss to evade the collection efforts of the
6 IRS. By structuring the paperwork of the Corporate filings and other documents,
7 DAVIS attempted to conceal the true ownership of the Corporations and the funds
8 those organizations appeared to control.

9 CONCLUSION

10 WHEREFORE, the United States respectfully gives notice of its intent to use the
11 above-recited evidence.

12 DATED this 24th day of May, 2010.

13 Respectfully submitted,

14 DANIEL G. BOGDEN
15 United States Attorney

16 /s/ J. Gregory Damm

17 J. GREGORY DAMM
18 Assistant United States Attorney
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Certificate of Service

I, J. Gregory Damm, hereby certify that I am an employee of the United States Department of Justice, and that on this day I served a copy of the following: GOVERNMENT'S SUPPLEMENTAL NOTICE OF INTENT TO USE EVIDENCE OF OTHER CRIMES, WRONGS OR ACTS, upon counsel for all defendants appearing in this matter via the CM/ECF system, by electronically filing said GOVERNMENT'S SUPPLEMENTAL NOTICE OF INTENT TO USE EVIDENCE OF OTHER CRIMES, WRONGS OR ACTS and mailing a copy postage prepaid to Shawn Talbot Rice, P.O. Box 700, #81, Ash Fork, Arizona 86320.

Dated: May 24, 2010

/s/ Elaine Woolery
Legal Assistant to J. Gregory Damm
Assistant United States Attorney
District of Nevada